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## **COORDINATION OF CBNRM IN MALAWI: FINANCING OPTIONS**

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Community  
Partnerships for  
Sustainable  
Resource  
Management in  
Malawi

## **Coordination of Community-based Natural Resource Management in Malawi: Financing Options**

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## ACRONYMS

CBNRM	Community-based Natural Resource Management
COMPASS	Community Partnerships for Sustainable Resource Management
CSR	Centre for Social Research
CURE	Coordination Unit for the Rehabilitation of the Environment
DAI	Development Alternatives, Incorporated
DANIDA	Danish International Development Agency
DNPW	Department of National Parks & Wildlife
EAD	Environmental Affairs Department
EIA	Environmental Impact Assessment
GIS	Geographical Information Systems
GOM	Government of Malawi
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
MEET	Malawi Environmental Endowment Trust
MK	Malawi kwacha
NCE	National Council for the Environment
NGO	Non-Governmental Organization
NPA	Non-Projectized Assistance
ORT	Other Recurrent Transactions
TA	Traditional Authorities
UK	United Kingdom
USAID	United States Agency for International Development
WWF	World Wildlife Fund/Worldwide Fund for Nature

## **Opportunities for Sustainable Financing of CBNRM Coordination in Malawi**

### **Background**

CBNRM as an approach to conservation and sustainable development has seen increasing adoption in Malawi by donors, government and NGOs. Currently, six Government of Malawi (GOM) Departments in four different Ministries actively promote community-based approaches to natural resource management<sup>1</sup>. Seven donor organizations are heavily involved in supporting these efforts<sup>2</sup> either through provision of funds directly to the GOM or through funding of programs and projects or support to more than a dozen national and international NGOs working in Malawi. The vast majority of financial support for these efforts comes from multilateral or bilateral donors either as development aid or soft loans. An informal survey of 53 organizations that was undertaken in early 2001 revealed that the 18 respondents were involved in supporting or implementing CBNRM initiatives in 1,000 communities in Malawi: the total number of beneficiaries was estimated at over 600,000. Total funding for these activities was about \$24M<sup>3</sup>.

The strong support at present is very encouraging and there has been considerable progress in the past three to four years in developing a policy and legislative framework that is very supportive of CBNRM. Moreover, there has been considerable progress in increasing grassroots awareness of CBNRM promoting field-based initiatives. This notwithstanding, there has been little progress toward reducing the level of dependence on donors when it comes to funding these efforts. An added dimension that has surfaced during 2001 has been an increasing awareness on the part of some donors that funds are not achieving their desired impact and, in some cases, are being mismanaged. In the environmental sector, several donors have either frozen funding or have reduced the level of financial support<sup>4</sup>.

As the GOM struggles to relieve its burden of debt through negotiations with the multilateral banks, other lenders and donors, few people appear to have considered the implications of debt relief on the willingness of the banks to provide support in the future. At best the present dependence on donor funds does not augur well for long-term financial sustainability. At worst, the progress made to date could be for naught if short and medium-term donor support continues to weaken.

The purpose of this brief review is not to point out the poor financial underpinnings of CBNRM in Malawi but to explore options for greater sustainability. In an earlier document, COMPASS explored the various options for achieving greater financial independence and

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<sup>1</sup> The Departments of Environmental Affairs, Fisheries and Forestry of the Ministry of Natural Resources; the Department of National Parks and Wildlife of the Ministry of Tourism, Parks and Wildlife; the Department of Land Resources Conservation of the Ministry of Agriculture and Irrigation; and the Department of Water Resources of the Ministry of Water Affairs.

<sup>2</sup> The World Bank/Global Environmental Facility, the United Nations Development Programme, the United States Agency for International Development, DANIDA, the European Union, the Department for International Development (UK) and the German Gesellschaft für Technische Zusammenarbeit. Other donors include the Dutch Government, JICA and independently funded foundations and NGOs.

<sup>3</sup> It should be noted that some of the funded programs span periods of time of up to 10 years. Annual levels of funding have not been determined.

<sup>4</sup> During 2001, The World Bank and DANIDA have made significant changes to their approach to supporting environmental programs in Malawi.

sustainability for CBNRM as a whole in Malawi<sup>5</sup>. This discussion follows on from the earlier study and focuses exclusively on the opportunities for sustainable financing of the CBNRM-coordination initiatives in Malawi.

### ***Institutional Arrangements for Coordination***

Following a national forum in late 1999 on establishing the principles and approaches for effective CBNRM in Malawi<sup>6</sup>, the National Council for the Environment approved the creation of a CBNRM Working Group whose primary mandate was to “coordinate the formulation and implementation of policies and programs/projects relating to CBNRM.”<sup>7</sup>. The guiding principles that were established at this forum are presented in Annex 2 of the present document.

Since the NCE approved its creation, the CBNRM Working Group has met seven times: three times in 2000 and four times in 2001. It has also commissioned a study on establishing a framework for strategic planning for CBNRM in Malawi<sup>8</sup>, which was used as the structure for organizing the First National Conference on CBNRM in Malawi<sup>9</sup> in May 2001. The outcome of the conference was a draft strategic plan for CBNRM. Following the conference, the CBNRM Working Group and a Task Force it created met three times to finalize the strategic plan. The National Council approved the final version for the Environment on November 14<sup>th</sup> 2001<sup>10</sup>.

At this time, with the CBNRM Working Group having accomplished one of its main objectives, its future role is somewhat in doubt. Without NCE approval of the revised Terms of Reference for the CBNRM Working Group, little progress can be made toward implementation of the strategy. The Working Group has attempted to establish a semi-permanent role for itself that goes some way beyond the mandate of a working group, which is usually limited to accomplishing a specific task or tasks before the group dissolves itself. It remains to be seen whether the NCE will approve this expanded role and whether the very nature of the Working Group needs to be revisited. The possibility of the Working Group itself become a permanent Secretariat to the NCE could be explored but it is unclear whether the NCE has the legal mandate to establish such a body.

For the purposes of this analysis, we have assumed that the Working Group or some similar body will be mandated to play a permanent role in helping to coordinate CBNRM in Malawi and monitor the performance and impact of the assorted implementing agencies.

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<sup>5</sup> COMPASS Document 22: *Opportunities for Sustainable Financing of CBNRM in Malawi* (October 2000).

<sup>6</sup> COMPASS Document 10: *Workshop on Principles and Approaches for CBNRM in Malawi* (March 2000).

<sup>7</sup> The Terms of Reference of the Working Group are currently undergoing revision (see Annex 1 for the most recent draft).

<sup>8</sup> COMPASS Document 23: *Framework for Strategic Planning for CBNRM in Malawi* (November 2000).

<sup>9</sup> COMPASS Document 30: *Proceedings of the First National Conference on CBNRM in Malawi* (May 2001).

<sup>10</sup> COMPASS Document 35: *Strategic Plan for CBNRM in Malawi* (November 2001).



## **Costs**

Table 1 presents the costs associated with the seven full meetings of the CBNRM Working Group and some of the ancillary meetings such as those of its Task Forces and the national conference.

**Table 1: COSTS OF CBNRM WORKING GROUP MEETINGS AND PLANNING SESSIONS**

<b>Meeting</b>	<b>Date</b>	<b>Location</b>	<b>Cost to COMPASS (MK)</b>
1 <sup>st</sup> WG Meeting	March 2000	Blantyre	46,000
2 <sup>nd</sup> WG Meeting	June 2000	Lilongwe	19,000
3 <sup>rd</sup> WG Meeting	November 2000	Lilongwe	12,000
Conference Planning Task Force	January 2001	Blantyre	19,000
4 <sup>th</sup> WG Meeting	April 2001	Lilongwe	zero
5 <sup>th</sup> WG Meeting	July 2001	Lilongwe	13,000
Strategic Planning Task Force	August 2001	Liwonde	70,000
6 <sup>th</sup> WG Meeting	August 2001	Liwonde	124,000
7 <sup>th</sup> WG Meeting and M&E Planning	November 2001	Blantyre	188,000
1 <sup>st</sup> National Conference	May 2001	Blantyre	753,000

Exchange rate fluctuations over this period have been dramatic, so it is useful to convert these sums into a stable currency. In essence, Working Group meetings of a day (typically a half-day) cost about \$1,000 in Blantyre and about \$200 in Lilongwe. The reason for the difference is that most WG members are based in Lilongwe and, therefore, require overnight accommodation, meal allowances and refund of transport costs. Only three regular attendees at the meetings are based outside of Lilongwe, so costs are markedly lower for Lilongwe-based meetings.

Two-day meetings have been held in Liwonde and in Blantyre. The average cost is about \$2,500.

The cost of the two Task Force meetings has been \$300 and \$1,000: the difference depending on the venue, the length of the meeting and the number and origin of participants. The first national conference attracted over 80 delegates and the total cost to COMPASS was about \$10,000.

Let us assume that in any one typical year the CBNRM Working Group will meet four times: two meetings of less than one day and two meetings of two days. The annual cost might range from about \$5,000 to \$7,000 though the figure would be much less if the two-day meetings were held in Lilongwe. We can assume an average of about \$6,000. Add two Task Force meetings a year, averaging about \$750 and the total budget for Working Group meetings becomes about \$7,500 per year excluding holding any national conferences.

## **What next for CBNRM Coordination?**

If we agree with the assumption that, first, the CBNRM Working Group has been performing at least adequately and up to expectations, and, second, that it is the appropriate body to fulfill a mandate that includes ensuring effective coordination of CBNRM efforts and

monitoring performance and impact, then we must ask the question, “Where will funding for its continued operations come from?”

## **Options for Sustainable Financing**

Here we will examine six main possible sources of funding for the CBNRM Working Group or whatever body replaces it as the main CBNRM coordinating institution in Malawi.

### **1 Donors (NPA)**

We do not consider donor funding to be sustainable whether it is used provide direct support to programs and projects or whether it is channeled through the central treasury as loans or non-projectized assistance (NPA). While CBNRM has attracted considerable donor support in recent years, we feel that a continued over-reliance on donors is not conducive to sustainability. Donor fatigue and periodic changes in the emphasis or nature of donor support could quickly undermine efforts to institutionalize CBNRM in Malawi<sup>11</sup>.

### **2 Endowments and Trust Funds**

The Malawi Environmental Endowment Trust (MEET) is now functional as a grant-awarding body. Grant funds have been made available by DANIDA and USAID/Malawi is covering the operating costs of the institution. This, however, is just one aspect of the anticipated role of MEET. It is hoped that donors, government or perhaps the private sector will eventually capitalize a trust fund that will be managed in perpetuity by MEET. MEET would invest the capital and use the earnings on those investments: first, to ensure that the value of the capital is preserved against inflation; second, to cover administrative costs; and, third, to fund environmental activities through awarding grants.

COMPASS and MEET have explored several different investment scenarios that could allow a donor or others to capitalize a fund under the auspices of MEET that would generate sufficient revenues on investment to fund the operations of the CBNRM Working Group. We examined three different scenarios based on capitalization in Malawi kwacha of three different sums. In each case, interest earned accounted for a small gain above an assumed capital depreciation of about 30% resulting from inflation. Once the MEET administrative and service charge is taken into account (11%) there is a net loss in the value of the capital. If there is no compensation for the depreciation in the real value of the capital, an investment of between about MK2M and MK2.5M would generate enough income to cover the cost of the CBNRM Working Group for the first year<sup>12</sup>. Based on current interest rates

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<sup>11</sup> Business Monitor International's *Africa Monitor* (January 2002) noted that “Donors are losing their patience with Malawi over the government's failure to resolve longstanding investigations into corruption, as well as foot-dragging on economic reforms. As a result, large amounts of aid have been lost, and the country's IMF programme looks at risk.” This notwithstanding, BMI also notes that the IMF program may well remain in place because “the international community is loathe to inflict further hardship on Malawi's long-suffering population.”

<sup>12</sup> This also assumes that MEET would defer applying their management fees for the first six months after the investment.

and inflation, income in the second year could meet about two-thirds of the Working Group's financial requirements. In year three it would be about one third of the needs. In effect, this scenario does not accomplish sustainable financing of the Working Group.

We also examined two alternative scenarios that involved investment of hard currency in Malawi: one assumed a fixed interest rate (2.75%), the other a floating rate (2.75 to 2.8%). In both cases, an investment of the order of \$250,000 would be required to generate sufficient income to fund the Working Group<sup>13</sup>. In these scenarios, the hard currency is converted to kwacha for the term of the investment and the capital is recovered at the exchange rate prevailing at the end of the term. While this helps conserve a higher proportion of the capital compared with the first scenario examined above, it will not compensate for inflation if it is running at 30% if we assume that the kwacha is devaluing at less than 35%. In other words, the capital is preserved only if the inflation rate is less than the rate that the kwacha is depreciating. Over the past year, this has not been the case.

At this time, the only real opportunity to capitalize and endowment and preserve the capital while generating sufficient income to fund the CBNRM Working Group would be if hard currency was available for off-shore investment. Assuming management costs of about 1% and a rate of return of about 5%, an investment of about \$150,000 would be required to maintain the current level of funding of the Working Group in perpetuity. It must be stressed, however, that a scenario involving offshore investment would require special approval of the Ministry of Finance. It is also salutary to note that this amount of capital would in itself fund the Working Group for some 20 years even if there were no investment income beyond that needed to preserve the capital from depreciation resulting from inflation.

### **3 GOM: central funds**

The possibility of obtaining funding from the Treasury to finance the operations of the Working Group appears very slim. Funding of line Ministries involved in natural resource management and their departments has generally been shrinking in recent years, at least in real terms<sup>14</sup>, <sup>15</sup>. Funding from the Treasury would have to be at the request of an individual department through a specific Ministry.

As part of this assessment, COMPASS met with the Directors of the Environmental Affairs Department, Forestry Department and the Department of National Parks and Wildlife to discuss levels of GOM and donor financing. EAD's operational budget is made up of about 80% development funding channeled from donors to the Department via the Treasury. Another 18% of the Department's budget come from the Treasury as funding for Other Recurrent Transactions (ORT) and salaries and

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<sup>13</sup> This assumes that MEET's service fee would be 1% and that charges would be deferred for the first six months after the investment.

<sup>14</sup> See, for example, Office of the Vice President: *Policy Analysis Initiative* (2000), which notes that "the general picture is that most of the resources are channeled towards maintaining civil servants, with very little being allocated to core activities...."

<sup>15</sup> The Ministry of Natural Resources and Environmental Affairs budget shrunk from MK260M for 1998/99 to MK243M in 1999/2000 representing a decrease from 2.5% to 2.18% of the voted expenditure (Malawi Government: *Economic Report*, 2000).

related expenses. The Environmental Management Act (1996) enabled the creation of an Environmental Fund that is directly managed by EAD with the approval of the Treasury. This capital deposited in this fund includes fees charged for the review of Environmental Impact Studies and profits from the sale of publications. While the GOM was supposed to provide additional capitalization of MK1 million, this has never happened. The fund has never exceeded MK1 million and contributes less than 2% to meeting the operating budget of EAD.

In the case of the Forestry Department, the situation has been somewhat less constrained because the department has had access to 80% of the revenues it generated from management of plantations and other fees and services<sup>16</sup>. These revenues are deposited in the Forest Development and Management Fund, which the Department has managed fairly independently over the past two years. In 2001, this amounted to about MK69 million of the total recurrent operating requirement of MK150 million. As of 2002, however, the Treasury has made a strong claim to introduce tighter controls on the use of the Fund. It is likely that disbursements from the Fund will be handled by the Treasury in the same way as other budgetary allocations and will be based on approved budgets, monthly financial reports and anticipated monthly cash flow. Unlike EAD, the Forestry Department is less reliant on development funding than on Treasury funding to cover salaries and ORT<sup>17</sup>.

In the case of the Department of National Parks and Wildlife (DNPW), the situation is similarly constrained because Treasury has challenged the department's right to operate a deposit account that is independent of Treasury controls. In the past the deposit account has been used to manage various donations from groups such as WWF but DNPW has never been authorized to create the Wildlife Management Fund proposed in the Wildlife Management Act. Currently, some MK30 million in park revenues are channeled to the Treasury with no guarantees that DNPW's budget allocation will be pro rated in any way. Furthermore, DNPW currently does not receive any development funding because the Treasury rejected all applications. Despite this somewhat desperate situation, the outlook is not completely dire. The creation of Treasury Funds for each of the country's National Parks does present an opportunity for the department to become less dependent on the central Treasury and for the decentralized entities to operate with greater self-reliance. The experiment with Nyika-Vwaza has involved depositing all concession fees received from private operators and 50% of park entrance fees in the local accounts<sup>18</sup>. The local accounts are then used to fund revenue-sharing schemes with communities adjacent to the parks<sup>19</sup>. Similar schemes will be instigated around all the protected areas in the coming months.

The overall impression gained from these three departments is that it is extremely unlikely that line departments would be able to set aside portions of their budget to fund initiatives such as the operations of the CBNRM Working Group.

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<sup>16</sup> The Treasury retains the remaining 20%.

<sup>17</sup> Non-donor funding provides over 50% of the departmental budget.

<sup>18</sup> 50% of the park entrance receipts are channeled to the Treasury.

<sup>19</sup> 30% of the entrance fees and 20% of the concession fees are disbursed to the communities through the revenue sharing plans.

**Table 2: DEPARTMENTAL BUDGETS**

<b>Department</b>	<b>Budget Request (2001-2002)</b>	<b>Treasury Allocation (2001-2002)</b>	<b>Development Funding (%) (2000-2001)</b>	<b>Departmental Revenues (millions of Malawi kwacha)</b>
<b>EAD</b>	45	10.5	80	< 1
<b>Forestry</b>	90*	44	<50	86
<b>DNPW</b>	208.8	20.8	0	30

\* ORT request

#### **4 EAD**

Since the Environmental Affairs Department of the Ministry of Natural Resources and Environmental Affairs acts as the Secretariat for the CBNRM Working Group<sup>20</sup>, the possibility of using discretionary departmental funds for Working Group meetings merits exploration. EAD has access to limited funds that it generates from fees and services such as the review of environmental impact assessments (EIA) and from the sale of publications. Unlike the Forestry Department's Forest Management and Development Fund and DNPW's Wildlife Management Fund, EAD has been able to protect the Environmental Fund from the unwanted attentions of the Treasury<sup>21</sup>. The fund is managed by a committee that has allowed EAD to retain considerable leeway in how it uses these funds without recourse to the Ministry and the Treasury. Nevertheless, revenues are very limited and the possibility of accessing these funds to finance the Working Group is very slim. This notwithstanding, the Environmental Fund could be used as a clearing house for donor or private funds that are earmarked for CBNRM Working Group support. EAD would not charge any fee to manage these funds.

#### **5 Line departments**

As we have seen, several key line departments such as Forestry, Fisheries and DNPW generate significant revenues from the sale of licenses and services and from various fees. Again, the extent to which these resources can be used by these same departments independent of their Ministries and the Treasury is extremely limited and is becoming more so as the Treasury exerts stronger fiscal control over departmental expenditure.

If we assume that regular attendance at the Working Group Meetings involves about ten members<sup>22</sup>, each organization would on average have to source about \$750/year for their representative to attend all the usually scheduled meetings and occasionally sit on a Task Force. This amount would cover travel and accommodation costs and allowances covering meals and incidental expenses. While the sum is small, it must

<sup>20</sup> EAD also provides the Secretariat of the National Council for the Environment and the Technical Committee on the Environment.

<sup>21</sup> This success may be attributed merely to the fact that the Environmental Fund has never totaled more than MK1 million whereas the Forestry Fund has reached nearly MK70 million.

<sup>22</sup> Typically 6 or 7 GOM Departments attend and three non-governmental groups – amongst which we number the Centre for Social Research.

be acknowledged that financially strapped departments might find it difficult to justify spending even this amount on operations of the CBNRM Working Group. The Director of the Forestry Department has estimated that attendance of a departmental representative might be limited to just two Working Group meetings in a year. The Director of DNPW put the issue more bluntly: if the Working Group was performing a function or services that were beneficial to the department, it would be in management's interest to provide the funds to have the department represented at the meetings. The degree to which this would be possible depends on Working Group performance and the month to month priorities within the department.

## **6 Local Government – funds generated from fees and services**

In his analysis of the fiscal implications of decentralization, Schroeder (2000)<sup>23</sup> demonstrated that few, if any, Districts can hope to achieve even a small degree of financial independence based on the generation of income from fees and licenses<sup>24</sup>. At this time, it is difficult to envisage how any District authorities could allocate any funds to supporting the CBNRM Working Group. More importantly, it remains unclear why they would be inclined to do this since the Working Group has not yet tackled any aspects of decentralization of CBNRM.

Another important aspect of CBNRM Working Group financing is the issue of financial management. The Working Group's Secretariat, provided by EAD, does not have the capacity to manage funds and account for them unless this was done through the existing finance and accounting units within the department.

## **7 Self-financing (services)**

The possibility of the Working Group and its members providing services on a fee-for-service basis is extremely unlikely since the members are mainly civil servants or full time employees of other organizations. Once again, neither the Working Group nor its Secretariat has the institutional capacity to manage such ventures and the contractual and financial implications of this are clearly beyond the capacity of the Working Group. Undoubtedly, management responsibilities and costs would require additional administrative support that would add further to the financial burden.

## **8 Private sector – charitable donations**

The activities of the CBNRM Working Group are not likely to attract the attention of private corporations that provide charitable contributions to environmental causes. In most instances the Working Group's efforts are focused on fairly esoteric matters such as CBNRM coordination and performance monitoring. Nevertheless, some high-profile events such as annual conferences on CBNRM might draw the attention of possible financial contributors whether in the private sector or the donor

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<sup>23</sup> Schroeder, L. (2000). *Fiscal implications of decentralization in Malawi*. Paper prepared for presentation at the 12<sup>th</sup> Annual Conference on Public Budgeting and Financial Management, Kansas City, MO: 40 pp. (Cited with permission).

<sup>24</sup> The District Assemblies will be heavily reliance on grants provided by Central Government with, even in the best of cases, no more than 10% of their operating budgets being covered by locally generated revenues.

community. Assuming this is the case, there are two key questions that must be addressed:

- ◆ Who in the Working Group can be charged with soliciting such funding?
- ◆ How will the funds be managed and accounted for?

The first question can presumably be addressed within the Working Group. MEET, as one of the members, should have excellent access to information that would assist in this process. The second question is more complicated since again we encounter a lack of administrative support within the group and the Secretariat that would be needed to ensure tight financial management and transparent accounting. The possibility of using the Environmental Fund's accounting infrastructure would seem to be a viable option since this already exists within EAD.

## **Summary and Recommendations**

The CBNRM Working Group has performed some vitally important functions in the two years since the National Council created it for the Environment. Having now completed the CBNRM Strategic Plan it is incumbent on the NCE and the Working Group to ensure that the strategy is implemented. To this end, the Working Group has reviewed and revised its terms of reference and is looking to become a permanent body. In addition to requiring the approval of the NCE to make this transition, it is also critical for the Working Group to ascertain where it will obtain the funding needed to meet regularly and perform its functions and achieve its objectives. The purpose of this brief study is to explore and evaluate different options for sustainable financing of the Working Group.

We have discounted the possibility of continued COMPASS support for the Working Group beyond mid-2003. We have also side-stepped the possibility of other donors providing financial support to the group since this is not regarded as an option that is genuinely sustainable. What is clear is that the Working Group has to take two things to heart in order to ensure its continued existence:

- ◆ It must strive to cut costs even if this involves selecting venues for meetings that will minimize the levels of allowances that the members can expect to receive. While capacity building meetings that involve training sessions are warranted, two or three-day meetings at locations outside of Blantyre and Lilongwe are expensive and should be minimized.
- ◆ The Working Group must meet its own performance goals and achieve the results that are expected of it by its parent body, the National Council for the Environment. If the Working Group does not perform well, neither the donors nor the GOM will continue to support. In this regard, the Working Group must carefully examine its proposed terms of reference and develop a performance-based workplan to which the NCE, donors and the group itself can hold the group accountable.

At this time, generating funds for the Working Group through capitalization of a fund within the Malawi Environmental Endowment Trust (MEET) is not an option that provides for sustainable financing. While the Trust does not have the authority to invest capital overseas, there is little hope of preserving the principle of any investment in the face of rampant inflation and the likelihood of continued devaluation of the Malawi kwacha.

Funding of the Working Group by the Treasury appears possible only through the Ministerial and departmental budget allocations. These are already meager and all departments are financially strapped. The loss of the possibility of using the Forest Development and Management Fund and the Wildlife Management Fund as independent sources of financing is undoubtedly a setback. Nevertheless, the continued existence of the Environmental Fund does offer some opportunity for establishing a source of public sector funding that is independent of the Treasury. This said, the opportunities for capitalizing a sub-fund to support the CBNRM Working Group are few and far between. The best options would appear to be capitalization by a donor (or donors) or soliciting support from the private sector to pay for specific events such as an annual or biannual conference on CBNRM in Malawi.

Notwithstanding all of these limitations and a few glimmers of hope, the reality is that the CBNRM Working Group's efforts over the past two years have not been a huge financial burden. The Working Group could continue to function with an annual budget of between \$6,000 and \$8,000. This represents an annual contribution of about \$750 from each member organization to cover the costs of travel, accommodation and incidentals. If the Working Group performs to its own performance standards, the member organizations will probably be willing to meet the cost of participation from their ORT budgets, which already have the specific line items for transport and other meeting expenses. If the Working Group does not produce the desired results, member organizations will undoubtedly curtail their support. In the event that some members decline to send representatives, it may be in the interest of the Working Group to revise the current membership<sup>25</sup>.

## **Next Steps**

The CBNRM Working Group is tentatively scheduled to meet next in late February 2002. At this meeting, the members will be asked to comment on the present analysis and recommendations before deciding how to proceed. Several other critical agenda items will need to be addressed at this same meeting:

- ◆ Finalizing the monitoring and evaluation plan for CBNRM, which is being drafted by a Task Force of the Working Group.
- ◆ Review the revised Terms of Reference of the Working Group and make a decision on how to proceed with seeking NCE approval for the changes.
- ◆ Schedule a meeting of the Working Group at which CBNRM-related policies and legislation will be examined with a view to identifying constraints to broader implementation of CBNRM initiatives.
- ◆ Schedule a meeting of the Working Group at which innovative approaches and tools for participatory development will be examined with a view to promoting their use in CBNRM initiatives.

All in all, this is already a busy schedule for the Working Group during 2002. There are several other critical items in the Strategic Plan that must also be tackled during the coming

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<sup>25</sup> The participants at the First Annual Conference on CBNRM in Malawi in May 2001 did recommend a reduction in the size of the Working Group from the current 14 to perhaps 10 or fewer. The Working Group subsequently declined to implement this recommendation.



months. The Working Group must prioritize its activities and the organizational members must commit to providing their full support to help the group accomplish its objectives.

## **Annex 1**

### **Proposed Revision to the Terms of Reference of the CBNRM Working Group**

In terms of the National Environment Policy (1996) and Environment Management Act (1996) the National Council for the Environment constituted a technical body termed the Community Based natural Resource Management (CBNRM) Working Group to guide the CBNRM process in Malawi.

#### **Working Group Composition**

This working group shall comprise representatives from fourteen different institutions inclusive of the environmental and natural resource sectors, related sectors such as Local Government, Co-ordination Unit for the Rehabilitation of the Environment representing the NGOs, one Traditional Authority representing communities, Malawi Environmental Endowment Trust as a primary sector financing mechanism, and the Environmental Affairs Department as the Secretariat.

The membership comprises:

- Centre for Social Research (CSR)
- Department of Forestry
- Department of National Parks and Wildlife
- Department of Fisheries
- Department of Land Resources Conservation
- Department of Energy
- Ministry of Water Development
- Ministry of Gender, Youth and Community Services
- Ministry of Education, Science and Technology
- Ministry of Local Government
- A Traditional Authority (TA)
- Co-ordination Unit for Rehabilitation of the Environment (CURE)
- Malawi Environmental Endowment Trust (MEET)
- Environmental Affairs Department (EAD) (as Secretariat)

#### **Working Group Mandate**

The mandate of the Working Group is to guide and coordinate the CBNRM process in Malawi and advise Council on matters stipulated in the Terms of Reference (ToRs).

#### **Working Group Terms of Reference**

1. The Working Group shall coordinate the formulation of policies, guiding principles, and procedures relating to CBNRM in Malawi.
2. It shall commission investigations and studies into the social, economic and environmental aspects of CBNRM, as may be required by Council or otherwise. \*
3. To oversee the CBNRM process in Malawi and advise Council of arising issues and recommend appropriate courses of action.

In order to achieve the general Terms of Reference stated above, the Working Group shall coordinate aspects of CBNRM by understanding the following specific actions:

- (a) Commission the development of a Strategic Plan for implementing CBNRM in Malawi.
- (b) Give direction on the development and review of sectoral policies and legislation that guide CBNRM activities in Malawi.
- (c) Commission and adopt procedures for improved coordination of CBNRM activities in the country and ensure their implementation.
- (d) Commission the development of a checklist to ensure that guiding principles are adhered to by all stakeholders, in order to minimize potential implementation conflicts at community level.
- (e) Commission the development of a CBNRM process monitoring system, promote its widespread adoption, and regularly review progress of CBNRM in community level activities.
- (f) Explore viable options and practices to facilitate strong community representation.
- (g) Promote appropriate institutional structures at all levels and determine their ideal capacity requirements.
- (h) Ensure that options for sustainable financing of CBNRM are fully explored and facilitate the development of guidelines to ensure that the costs and benefits of sustainable management of natural resources are distributed equitably.
- (i) Develop a core set of values to reflect CBNRM's contribution to improve the country's environmental management, sustained use of natural resources, rural and urban issues, and equitable consideration of social values such as gender and culture amongst others.
- (j) Contribute content regarding the status of CBNRM and priority issues into district and national State of the Environment reports.
- (k) Provide guidance on advocacy and public awareness campaigns for improved CBNRM
- (l) Create a common and clear understanding of ownership and tenurial rights in CBNRM, being mindful of existing and changing policies and legislation.

\* includes donors, academic and research institutions, district assemblies, etc.

## **Annex 2**

### **Guiding Principles for CBNRM Activities in Malawi<sup>26</sup>**

1. In CBNRM, communities should be the prime beneficiaries
2. Communities should take the leading role in identifying, planning and implementing CBNRM activities, and the roles and responsibilities of other participating stakeholders should be clearly defined
3. At the local level, CBNRM activities should be managed by democratically elected institutions or committees linked to Local Authority structures
4. Communities must develop clearly defined constitutions for their institutions or committees and establish by-laws for natural resource management
5. The competent authority must clearly define user groups and boundaries of the natural resources being managed
6. To ensure sustainability, natural resources should be treated as economic goods hence short and long-term benefits directly related to the use of the resources should be tangible and obvious to the communities
7. Arrangements for lease and ownership of resources and the right to use them should be clear
8. CBNRM activities must be gender sensitive or gender neutral
9. CBNRM programs must promote equitable sharing of benefits and distribution of costs
10. CBNRM service providers should be supportive of other community priorities and needs

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<sup>26</sup> As approved by the National Council for the Environment in early 2000 following the Workshop on Principles and Approaches for CBNRM in Malawi held in Blantyre in November 1999.

### COMPASS Publications

Document Number	Title	Author(s)	Date
Document 1	COMPASS Year 1 Work Plan	COMPASS	Jul-99
Document 2	COMPASS Small Grants Management Manual	Umphawi, A., Clausen, R., Watson, A.	Sep-99
Document 3	Year 2 Annual Work Plan	COMPASS	Dec-99
Document 4	July 1 - September 30, 1999: Quarterly Report	COMPASS	Oct-99
Document 5	Training Needs Assessment: Responsive Modules & Training Approach	Mwakanema, G.	Nov-99
Document 6	Guidelines and Tools for Community-Based Monitoring	Svendsen, D.	Nov-99
Document 7	Policy Framework for CBNRM in Malawi: A Review of Laws, Policies and Practices	Trick, P.	Dec-99
Document 8	Performance Monitoring for COMPASS and for CBNRM in Malawi	Zador, M.	Feb-00
Document 9	October 1 - December 31, 1999: Quarterly Report	COMPASS	Jan-00
Document 10	Workshop on Principles and Approaches for CBNRM in Malawi: An assessment of needs for effective implementation of CBNRM	Watson, A.	Mar-00
Document 11	January 1 - March 31, 2000: Quarterly Report	COMPASS	Apr-00
Document 12	Thandizo la Ndalama za Kasamalidwe ka Zachilengedwe (Small Grants Manual in Chichewa)	Mphaka, P.	Apr-00
Document 13	Njira Zomwe Gulu Lingatsate Powunikira Limodzi Momwe Ntchito Ikuyendera (Guidelines and Tools for Community-based Monitoring in Chichewa)	Svendsen, D. - Translated by Mphaka, P. and Umphawi, A.	May-00
Document 14	Grass-roots Advocacy for Policy Reform: The Institutional Mechanisms, Sectoral Issues and Key Agenda Items	Lowore, J. and Wilson, J.	Jun-00
Document 15	A Strategic Framework for CBNRM Media Campaigns in Malawi	Sneed, T.	Jul-00
Document 16	Training Activities for Community-based Monitoring	Svendsen, D.	Jul-00
Document 17	April 1 - June 30, 2000: Quarterly Report	COMPASS	Jul-00
Document 18	Crocodile and Hippopotamus Management in the Lower Shire	Kalowekamo, F.	Sep-00
Document 19	Cost-Sharing Principles and Guidelines for CBNRM Activities	Moyo, N.	Sep-00
Document 20	Workplan: 2001	COMPASS	Nov-00
Document 21	July 1 - September 30, 2000: Quarterly Report	COMPASS	Oct-00
Document 22	Opportunities for Sustainable Financing of CBNRM in Malawi: A	Watson, A.	Nov-00

	Discussion		
Document 23	Framework for Strategic Planning for CBNRM in Malawi	Simons, G.	Nov-00
Document 24	Kabuku Kakwandula Ndongomeko ya Thumba Lapadera la Wupu wa COMPASS (Chitumbuka version of the COMPASS Small-grant Manual)	Umphawi, A., Clausen, R. & Watson, A. Translated by Chirwa, T.H. & Kapila, M.	Dec-00
Document 25	COMPASS Performance and Impact: 1999/2000	COMPASS	Nov-00
Document 26	October 1 - December 31, 2000: Quarterly Report	COMPASS	Jan-01
Document 27	COMPASS Grantee Performance Report	Umphawi, A.	Mar-01
Document 28	January 1 - March 31, 2001: Quarterly Report	COMPASS	Apr-01
Document 29	Natural Resource Based Enterprises in Malawi: Study on the contribution of NRBES to economic development and community-based natural resource management in Machinga District	Lowore, J.	Apr-01
Document 30	Proceedings of the First National Conference on CBNRM in Malawi	Kapila, M., Shaba, T., Chadza, W., Yassin, B. and Mikuwa, M.	Jun-01
Document 31	Natural Resource Based Enterprises in Malawi: Action Plans	Watson, A.	Jun-01
Document 32	Examples of CBNRM Best Practices in Malawi	Moyo, N. & Epulani, F.	Jun-01
Document 33	Media Training for CBNRM Public Awareness	Kapila, M.	Jun-01
Document 34	April 1 - June 30, 2001: Quarterly Report	COMPASS	Jul-01
Document 35	Strategic Plan for CBNRM in Malawi	CBNRM Working Group	Sep-01
Document 36	Workplan: 2002	COMPASS	Dec-01
Document 37	July 1 - September 30, 2001: Quarterly Report	COMPASS	Oct-01
Document 38	COMPASS Performance and Impact: 2000/2001	COMPASS	Dec-01
Internal Report 1	Building GIS Capabilities for the COMPASS Information System	Craven, D.	Nov-99
Internal Report 2	Reference Catalogue (2nd Edition)	COMPASS	Feb-01
Internal Report 3	Workshop on Strategic Planning for the Wildlife Society of Malawi	Quinlan, K.	Apr-00
Internal Report 4	Directory of CBNRM Organizations (2nd Edition)	COMPASS	Jan-01
Internal Report 5	Proceedings of Water Hyacinth Workshop for Mthunzi wa Malawi	Kapila, M. (editor)	Jun-00
Internal Report 6	COMPASS Grantee Performance Report	Umphawi, A.	Jun-00
Internal Report 7	Examples of CBNRM Best-Practices in Malawi	Moyo, N. and Epulani, F.	Jul-00
Internal Report 8	Software Application Training for COMPASS	Di Lorenzo, N.A.	Sep-00
Internal Report 9	Directory of COMPASS ListServ Members	Watson, A.	Jan-01

Internal Report 10	Introductory Training in Applications of Geographic Information Systems and Remote Sensing	Kapila, M.	Feb-01
Internal Report 11	COMPASS TAMIS Grants Manual	Exo, S.	Mar-01
Internal Report 12	Review of Recommendations of the Lake Chilwa and Mpoto Lagoon Fisheries By-Laws Review Meeting	Nyirenda, K.	May-01
Internal Report 13	End-of-Term Evaluation of the Co-Ordination Unit for the Rehabilitation of the Environment (CURE)	Sambo, E.Y.	Sep-01